



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBb0019/P2

JK:sac:jf

stgRMR

LFB

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 40

m 6-5-13

At the locations indicated, amend the bill as follows:

1. Page 642, line 21: after that line insert:

“SECTION 1297d. 71.01 (7r) (a) of the statutes is amended to read:

71.01 (7r) (a) Notwithstanding sub. (6), and ~~except as provided in par. (b) for~~
taxable years beginning before January 1, 2014, for purposes of computing
amortization or depreciation, “Internal Revenue Code” means the federal Internal
Revenue Code as amended to December 31, 2000, except that property that, under
s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year 1986
under the Internal Revenue Code as amended to December 31, 1980, shall continue
to be depreciated under the Internal Revenue Code as amended to
December 31, 1980.

SECTION 1297e. 71.01 (7r) (b) of the statutes is repealed.

✓
1 **SECTION 1297f.** 71.01 (7r) (c) of the statutes is amended to read:

2 71.01 (7r) (c) Notwithstanding sub. (6), section 101 of P.L. 109–222, related to
3 extending the increased expense deduction under section 179 of the Internal
4 Revenue Code, applies to property used in farming that is acquired and placed in
5 service in taxable years beginning ~~on or~~ after December 31, 2007, and before January
6 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
7 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
8 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
9 Revenue Code.”.

10 **2.** Page 645, line 21: after that line insert: (49)

11 **“SECTION 1304d.** 71.05 (6) (b) ~~48~~ of the statutes is created to read:

12 71.05 (6) (b) ~~48~~ Starting with the first taxable year beginning after December
13 31, 2013, and for each of the next 4 taxable years, 20 percent of the amount
14 determined by subtracting the combined federal adjusted basis of all depreciated or
15 amortized assets as of the last day of the taxable year beginning in 2013 that are also
16 being depreciated or amortized for Wisconsin from the combined Wisconsin adjusted
17 basis of those assets on the same day. ✓

18 **SECTION 1304f.** 71.05 (16) of the statutes is amended to read:

19 71.05 (16) DEPRECIATION CONTINUATION. ~~Property~~ For taxable years beginning
20 before January 1, 2014, property that, under s. 71.02 (2) (d) 12., 1985 stats., is
21 required to be depreciated for taxable year 1986 under the internal revenue code as
22 amended to December 31, 1980, shall continue to be depreciated under the internal
23 revenue code as amended to December 31, 1980.

24 **SECTION 1304g.** 71.05 (17) of the statutes is amended to read: ✓

1 71.05 (17) DIFFERENCE IN BASIS. ~~With~~ For taxable years beginning before
2 January 1, 2014, with respect to depreciable property that, under s. 71.02 (2) (d) 12.,
3 1985 stats., is required to be depreciated for taxable year 1986 under the internal
4 revenue code as amended to December 31, 1980, and that was disposed of in taxable
5 year 1986 and thereafter, any difference between the adjusted basis for federal
6 income tax purposes and the adjusted basis under this chapter shall be taken into
7 account in determining net income or loss in the year or years that the gain or loss
8 is reportable under this chapter.

9 **SECTION 1304h.** 71.05 (18) of the statutes is amended to read:

10 71.05 (18) CARRY-OVER BASIS PRECLUDED. ~~With~~ For taxable years beginning
11 before January 1, 2014, with respect to property that, under s. 71.02 (2) (d) 12., 1985
12 stats., is required to be depreciated for taxable year 1986 under the internal revenue
13 code as amended to December 31, 1980, and that was acquired in a transaction
14 occurring in taxable year 1986 and thereafter in which the adjusted basis of the
15 property in the hands of the transferee is the same as the adjusted basis of the
16 property in the hands of the transferor, the Wisconsin adjusted basis of that property
17 on the date of transfer is the adjusted basis allowable under the depreciation
18 provisions of the internal revenue code as defined for Wisconsin purposes for the
19 property in the hands of the transferor.”.

20 **3.** Page 674, line 18: after that line insert:

21 **“SECTION 1372d.** 71.22 (5m) (b) of the statutes is amended to read:

22 71.22 (5m) (b) Notwithstanding subs. (4) and (4m), section 101 of P.L. 109–222,
23 related to extending the increased expense deduction under section 179 of the
24 Internal Revenue Code, applies to property used in farming that is acquired and

1 placed in service in taxable years beginning ~~on or~~ after December 31, 2007, and
2 before January 1, ~~2008~~ 2010, and used by a person who is actively engaged in
3 farming. For purposes of this paragraph, “actively engaged in farming” has the
4 meaning given in 7 CFR 1400.201, and “farming” has the meaning given in section
5 464 (e) (1) of the Internal Revenue Code.”.

6 **4.** Page 693, line 8: after that line insert:

7 **“SECTION 1383d.** 71.26 (3) (y) 1. of the statutes is renumbered 71.26 (3) (y) and
8 amended to read:

9 71.26 (3) (y) ~~Except as provided in subd. 2.~~ For taxable years beginning before
10 January 1, 2014, a corporation shall compute amortization and depreciation under
11 the federal Internal Revenue Code as amended to December 31, 2000, except that
12 property first placed in service by the taxpayer on or after January 1, 1983, but
13 before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required
14 to be depreciated under the Internal Revenue Code as amended to
15 December 31, 1980, and property first placed in service in taxable year 1981 or
16 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
17 required to be depreciated under the Internal Revenue Code as amended to
18 December 31, 1980, shall continue to be depreciated under the Internal Revenue
19 Code as amended to December 31, 1980.

20 **SECTION 1383e.** 71.26 (3) (y) 2. of the statutes is repealed.

21 **SECTION 1383f.** 71.26 (3) (ym) of the statutes is created to read:

22 71.26 (3) (ym) Starting with the first taxable year beginning after December
23 31, 2013, and for each of the next 4 taxable years, a corporation shall subtract 20
24 percent of the amount determined by subtracting the combined federal adjusted

1 basis of all depreciated or amortized assets as of the last day of the taxable year
2 beginning in 2013 that are also being depreciated or amortized for Wisconsin from
3 the combined Wisconsin adjusted basis of those assets on the same day.”.

4 **5.** Page 705, line 21: after that line insert: ✓

5 “**SECTION 1408b.** 71.34 (1k) (intro.) of the statutes is amended to read:

6 71.34 (1k) (intro.) “Net income or loss” of a tax-option corporation means net
7 income or loss computed under the internal revenue code, as defined under sub. (1g)
8 and s. 71.98 (3) and (4), except that:

9 **SECTION 1408c.** 71.34 (1k) (n) of the statutes is created to read: ✓

10 71.34 (1k) (n) Starting with the first taxable year beginning after December
11 31, 2013, and for each of the next 4 taxable years, a subtraction shall be made in an
12 amount equal to 20 percent of the amount determined by subtracting the combined
13 federal adjusted basis of all depreciated or amortized assets as of the last day of the
14 taxable year beginning in 2013 that are also being depreciated or amortized for
15 Wisconsin from the combined Wisconsin adjusted basis of those assets on the same
16 day.

17 **SECTION 1408d.** 71.34 (1m) (b) of the statutes is amended to read: ✓

18 71.34 (1m) (b) Notwithstanding sub. (1g), section 101 of P.L. 109–222, related
19 to extending the increased expense deduction under section 179 of the Internal
20 Revenue Code, applies to property used in farming that is acquired and placed in
21 service in taxable years beginning ~~on or after~~ December 31, 2007, and before January
22 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
23 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR

1 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
2 Revenue Code.

3 **SECTION 1408f.** 71.365 (1m) (a) of the statutes is renumbered 71.365 (1m) and
4 amended to read:

5 71.365 (1m) ~~Except as provided in par. (b)~~ [✓] For taxable years beginning before
6 January 1, 2014, a tax-option corporation shall compute amortization and
7 depreciation under the federal Internal Revenue Code as amended to December 31,
8 2000, except that property first placed in service by the taxpayer on or after
9 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
10 1985 stats., is required to be depreciated under the Internal Revenue Code as
11 amended to December 31, 1980, and property first placed in service in taxable year
12 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
13 stats., is required to be depreciated under the Internal Revenue Code as amended
14 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
15 Code as amended to December 31, 1980. Any difference between the adjusted basis
16 for federal income tax purposes and the adjusted basis under this chapter shall be
17 taken into account in determining net income or loss in the year or years for which
18 the gain or loss is reportable under this chapter. If that property was placed in
19 service by the taxpayer during taxable year 1986 and thereafter but before the
20 property is used in the production of income subject to taxation under this chapter,
21 the property’s adjusted basis and the depreciation or other deduction schedule are
22 not required to be changed from the amount allowable on the owner’s federal income
23 tax returns for any year because the property is used in the production of income
24 subject to taxation under this chapter. If that property was acquired in a transaction
25 in taxable year 1986 or thereafter in which the adjusted basis of the property in the

1 hands of the transferee is the same as the adjusted basis of the property in the hands
2 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
3 is the adjusted basis allowable under the Internal Revenue Code as defined for
4 Wisconsin purposes for the property in the hands of the transferor.

5 **SECTION 1408g.** 71.365 (1m) (b) of the statutes is repealed.”.

6 **6.** Page 713, line 8: after that line insert:

7 “**SECTION 1419d.** 71.45 (2) (a) 7. of the statutes is amended to read:

8 71.45 (2) (a) 7. By For taxable years beginning before January 1, 2014, by
9 adding or subtracting, as appropriate, the amount required to reflect the fact that
10 property that, under s. 71.01 (4) (g) 7. to 10., 1985 stats., is required to be depreciated
11 for taxable years 1983 to 1986 under the internal revenue code as amended to
12 December 31, 1980, shall continue to be depreciated under the internal revenue code
13 as amended to December 31, 1980.

14 **SECTION 1419e.** 71.45 (2) (a) 13. of the statutes is amended to read:

15 71.45 (2) (a) 13. By For taxable years beginning before January 1, 2014, by
16 adding or subtracting, as appropriate, the depreciation deduction under the federal
17 Internal Revenue Code as amended to December 31, 2000, except that property first
18 placed in service by the taxpayer on or after January 1, 1983, but before
19 January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be
20 depreciated under the Internal Revenue Code as amended to December 31, 1980,
21 and property first placed in service in taxable year 1981 or thereafter but before
22 January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be
23 depreciated under the Internal Revenue Code as amended to December 31, 1980,

1 shall continue to be depreciated under the Internal Revenue Code as amended to
2 December 31, 1980.

3 **SECTION 1419f.** 71.45 (2) (a) 19. of the statutes is created to read:

4 71.45 (2) (a) 19. Starting with the first taxable year beginning after December
5 31, 2013, and for each of the next 4 taxable years, by subtracting 20 percent of the
6 amount determined by subtracting the combined federal adjusted basis of all
7 depreciated or amortized assets as of the last day of the taxable year beginning in
8 2013 that are also being depreciated or amortized for Wisconsin from the combined
9 Wisconsin adjusted basis of those assets on the same day.”.

10 **7.** Page 724, line 19: after that line insert:

11 **“SECTION 1453d.** 71.98 (3) of the statutes is created to read:

12 71.98 (3) DEPRECIATION. For taxable years beginning after December 31, 2013,
13 section 167 of the Internal Revenue Code and related to depreciation. For purposes
14 of this subsection, the Internal Revenue Code means the federal Internal Revenue
15 Code in effect for the year in which property is placed in service.

16 **SECTION 1453e.** 71.98 (4) of the statutes is created to read:

17 71.98 (4) EXPENSING OF DEPRECIABLE BUSINESS ASSETS. For taxable years
18 beginning after December 31, 2013, sections 179, 179A, 179B, 179C, 179D, and 179E
19 of the Internal Revenue Code and related to expensing of depreciable business
20 assets. For purposes of this subsection, the Internal Revenue Code means the federal
21 Internal Revenue Code in effect for the year in which property is placed in service.”.

22 (END)

Kreye, Joseph

From: Shanovich, Ron
Sent: Friday, June 07, 2013 10:10 AM
To: Kreye, Joseph
Subject: RE: Depreciation depletion

IRC sections 611 thru 614 rs

From: Kreye, Joseph
Sent: Friday, June 07, 2013 10:01 AM
To: Shanovich, Ron
Subject: RE: Depreciation depletion

I don't know what part of the IRC addresses "depletion". Are you able to tell me?

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266 2263

From: Shanovich, Ron
Sent: Friday, June 07, 2013 9:30 AM
To: Kreye, Joseph
Subject: Depreciation depletion

Joe, in LRB 0019/P3, (depreciation, s. 179, depletion) Section 1453d on page 7 would automatically update depreciation provisions to the IRC in effect for the year the property is placed in service. Under motion #591, depreciation provisions are to be updated to the IRC in effect on January 1, 2014. After that year, the Legislature would be required to update state depreciation provisions to the federal code like we do for other items. There should be no automatic update for depreciation, only for s. 179 expensing. Also, where is depletion federalized in the draft? Thanks
Ron

Ron Shanovich
Legislative Fiscal Bureau
(608) 266-8849

Kreye, Joseph

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Sent: Friday, June 07, 2013 10:10 AM
To: Kreye, Joseph
Subject: RE: Depreciation depletion

IRC sections 611 thru 614 rs

From: Kreye, Joseph
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Ron Shanovich
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(608) 266-8849



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBb0019/P3

JK:sac:im

RMK

LFB:.....Shanovich (RR) – Omnibus tax proposal: Depreciation and depletion

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY BILL 40

in 6-7-13

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 642, line 21: after that line insert:

3 **“SECTION 1297d.** 71.01 (7r) (a) of the statutes is amended to read:

4 71.01 (7r) (a) Notwithstanding sub. (6), ~~and except as provided in par. (b) for~~
5 taxable years beginning before January 1, 2014, for purposes of computing
6 amortization or depreciation, “Internal Revenue Code” means the federal Internal
7 Revenue Code as amended to December 31, 2000, except that property that, under
8 s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year 1986
9 under the Internal Revenue Code as amended to December 31, 1980, shall continue
10 to be depreciated under the Internal Revenue Code as amended to
11 December 31, 1980.

1 **SECTION 1297e.** 71.01 (7r) (b) of the statutes is repealed.

2 **SECTION 1297f.** 71.01 (7r) (c) of the statutes is amended to read:

3 71.01 (7r) (c) Notwithstanding sub. (6), section 101 of P.L. 109–222, related to
4 extending the increased expense deduction under section 179 of the Internal
5 Revenue Code, applies to property used in farming that is acquired and placed in
6 service in taxable years beginning ~~on or~~ after December 31, 2007, and before January
7 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
8 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
9 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
10 Revenue Code.”.

11 **2.** Page 645, line 21: after that line insert:

12 **“SECTION 1304d.** 71.05 (6) (b) 49. of the statutes is created to read:

13 71.05 (6) (b) 49. Starting with the first taxable year beginning after December
14 31, 2013, and for each of the next 4 taxable years, 20 percent of the amount
15 determined by subtracting the combined federal adjusted basis of all depreciated or
16 amortized assets as of the last day of the taxable year beginning in 2013 that are also
17 being depreciated or amortized for Wisconsin from the combined Wisconsin adjusted
18 basis of those assets on the same day.

19 **SECTION 1304f.** 71.05 (16) of the statutes is amended to read:

20 71.05 (16) DEPRECIATION CONTINUATION. ~~Property~~ For taxable years beginning
21 before January 1, 2014, property that, under s. 71.02 (2) (d) 12., 1985 stats., is
22 required to be depreciated for taxable year 1986 under the internal revenue code as
23 amended to December 31, 1980, shall continue to be depreciated under the internal
24 revenue code as amended to December 31, 1980.

1 **SECTION 1304g.** 71.05 (17) of the statutes is amended to read:

2 71.05 (17) DIFFERENCE IN BASIS. ~~With~~ For taxable years beginning before
3 January 1, 2014, with respect to depreciable property that, under s. 71.02 (2) (d) 12.,
4 1985 stats., is required to be depreciated for taxable year 1986 under the internal
5 revenue code as amended to December 31, 1980, and that was disposed of in taxable
6 year 1986 and thereafter, any difference between the adjusted basis for federal
7 income tax purposes and the adjusted basis under this chapter shall be taken into
8 account in determining net income or loss in the year or years that the gain or loss
9 is reportable under this chapter.

10 **SECTION 1304h.** 71.05 (18) of the statutes is amended to read:

11 71.05 (18) CARRY-OVER BASIS PRECLUDED. ~~With~~ For taxable years beginning
12 before January 1, 2014, with respect to property that, under s. 71.02 (2) (d) 12., 1985
13 stats., is required to be depreciated for taxable year 1986 under the internal revenue
14 code as amended to December 31, 1980, and that was acquired in a transaction
15 occurring in taxable year 1986 and thereafter in which the adjusted basis of the
16 property in the hands of the transferee is the same as the adjusted basis of the
17 property in the hands of the transferor, the Wisconsin adjusted basis of that property
18 on the date of transfer is the adjusted basis allowable under the depreciation
19 provisions of the internal revenue code as defined for Wisconsin purposes for the
20 property in the hands of the transferor.”.

21 **3.** Page 674, line 18: after that line insert:

22 **“SECTION 1372d.** 71.22 (5m) (b) of the statutes is amended to read:

23 71.22 (5m) (b) Notwithstanding subs. (4) and (4m), section 101 of P.L. 109–222,
24 related to extending the increased expense deduction under section 179 of the

Internal Revenue Code, applies to property used in farming that is acquired and placed in service in taxable years beginning ~~on or~~ after December 31, 2007, and before January 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal Revenue Code.”.

4. Page 693, line 8: after that line insert:

“SECTION 1383d. 71.26 (3) (y) 1. of the statutes is renumbered 71.26 (3) (y) and amended to read:

71.26 (3) (y) ~~Except as provided in subd. 2.~~ For taxable years beginning before January 1, 2014, a corporation shall compute amortization and depreciation under the federal Internal Revenue Code as amended to December 31, 2000, except that property first placed in service by the taxpayer on or after January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be depreciated under the Internal Revenue Code as amended to December 31, 1980, and property first placed in service in taxable year 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be depreciated under the Internal Revenue Code as amended to December 31, 1980, shall continue to be depreciated under the Internal Revenue Code as amended to December 31, 1980.

SECTION 1383e. 71.26 (3) (y) 2. of the statutes is repealed.

SECTION 1383f. 71.26 (3) (ym) of the statutes is created to read:

71.26 (3) (ym) Starting with the first taxable year beginning after December 31, 2013, and for each of the next 4 taxable years, a corporation shall subtract 20

1 percent of the amount determined by subtracting the combined federal adjusted
2 basis of all depreciated or amortized assets as of the last day of the taxable year
3 beginning in 2013 that are also being depreciated or amortized for Wisconsin from
4 the combined Wisconsin adjusted basis of those assets on the same day.”.

5 **5.** Page 705, line 21: after that line insert:

6 **“SECTION 1408b.** 71.34 (1k) (intro.) of the statutes is amended to read:

7 71.34 (1k) (intro.) “Net income or loss” of a tax-option corporation means net
8 income or loss computed under the internal revenue code, as defined under sub. (1g)
9 and s. 71.98 (3) and (4), except that:

10 **SECTION 1408c.** 71.34 (1k) (n) of the statutes is created to read:

11 71.34 (1k) (n) Starting with the first taxable year beginning after December
12 31, 2013, and for each of the next 4 taxable years, a subtraction shall be made in an
13 amount equal to 20 percent of the amount determined by subtracting the combined
14 federal adjusted basis of all depreciated or amortized assets as of the last day of the
15 taxable year beginning in 2013 that are also being depreciated or amortized for
16 Wisconsin from the combined Wisconsin adjusted basis of those assets on the same
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19 71.34 (1m) (b) Notwithstanding sub. (1g), section 101 of P.L. 109–222, related
20 to extending the increased expense deduction under section 179 of the Internal
21 Revenue Code, applies to property used in farming that is acquired and placed in
22 service in taxable years beginning ~~on or after~~ December 31, 2007, and before January
23 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
24 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR

1 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
2 Revenue Code.

3 **SECTION 1408f.** 71.365 (1m) (a) of the statutes is renumbered 71.365 (1m) and
4 amended to read:

5 71.365 (1m) ~~Except as provided in par. (b)~~ For taxable years beginning before
6 January 1, 2014, a tax-option corporation shall compute amortization and
7 depreciation under the federal Internal Revenue Code as amended to December 31,
8 2000, except that property first placed in service by the taxpayer on or after
9 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
10 1985 stats., is required to be depreciated under the Internal Revenue Code as
11 amended to December 31, 1980, and property first placed in service in taxable year
12 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
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14 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
15 Code as amended to December 31, 1980. Any difference between the adjusted basis
16 for federal income tax purposes and the adjusted basis under this chapter shall be
17 taken into account in determining net income or loss in the year or years for which
18 the gain or loss is reportable under this chapter. If that property was placed in
19 service by the taxpayer during taxable year 1986 and thereafter but before the
20 property is used in the production of income subject to taxation under this chapter,
21 the property’s adjusted basis and the depreciation or other deduction schedule are
22 not required to be changed from the amount allowable on the owner’s federal income
23 tax returns for any year because the property is used in the production of income
24 subject to taxation under this chapter. If that property was acquired in a transaction
25 in taxable year 1986 or thereafter in which the adjusted basis of the property in the

1 hands of the transferee is the same as the adjusted basis of the property in the hands
2 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
3 is the adjusted basis allowable under the Internal Revenue Code as defined for
4 Wisconsin purposes for the property in the hands of the transferor.

5 **SECTION 1408g.** 71.365 (1m) (b) of the statutes is repealed.”.

6 **6.** Page 713, line 8: after that line insert:

7 “**SECTION 1419d.** 71.45 (2) (a) 7. of the statutes is amended to read:

8 71.45 (2) (a) 7. By For taxable years beginning before January 1, 2014, by
9 adding or subtracting, as appropriate, the amount required to reflect the fact that
10 property that, under s. 71.01 (4) (g) 7. to 10., 1985 stats., is required to be depreciated
11 for taxable years 1983 to 1986 under the internal revenue code as amended to
12 December 31, 1980, shall continue to be depreciated under the internal revenue code
13 as amended to December 31, 1980.

14 **SECTION 1419e.** 71.45 (2) (a) 13. of the statutes is amended to read:

15 71.45 (2) (a) 13. By For taxable years beginning before January 1, 2014, by
16 adding or subtracting, as appropriate, the depreciation deduction under the federal
17 Internal Revenue Code as amended to December 31, 2000, except that property first
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19 January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be
20 depreciated under the Internal Revenue Code as amended to December 31, 1980,
21 and property first placed in service in taxable year 1981 or thereafter but before
22 January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be
23 depreciated under the Internal Revenue Code as amended to December 31, 1980,

1 shall continue to be depreciated under the Internal Revenue Code as amended to
2 December 31, 1980.

3 **SECTION 1419f.** 71.45 (2) (a) 19. of the statutes is created to read:

4 71.45 (2) (a) 19. Starting with the first taxable year beginning after December
5 31, 2013, and for each of the next 4 taxable years, by subtracting 20 percent of the
6 amount determined by subtracting the combined federal adjusted basis of all
7 depreciated or amortized assets as of the last day of the taxable year beginning in
8 2013 that are also being depreciated or amortized for Wisconsin from the combined
9 Wisconsin adjusted basis of those assets on the same day.”.

10 **7.** Page 724, line 19: after that line insert:

11 **“SECTION 1453d.** 71.98 (3) of the statutes is created to read:

12 71.98 (3) DEPRECIATION. For taxable years beginning after December 31, 2013,
13 section 167 of the Internal Revenue Code and related to depreciation. For purposes
14 of this subsection, the Internal Revenue Code means the federal Internal Revenue
15 Code in effect for the year in which property is placed in service.

16 **SECTION 1453e.** 71.98 (4) of the statutes is created to read:

17 71.98 (4) EXPENSING OF DEPRECIABLE BUSINESS ASSETS. For taxable years
18 beginning after December 31, 2013, sections 179, 179A, 179B, 179C, 179D, and 179E
19 of the Internal Revenue Code and related to expensing of depreciable business
20 assets. For purposes of this subsection, the Internal Revenue Code means the federal
21 Internal Revenue Code in effect for the year in which property is placed in service.”.

22 (END)

on January 1, 2014

Kreye, Joseph

From: Weber, Nathaniel R - DOR <Nathaniel.Weber@revenue.wi.gov>
Sent: Monday, June 10, 2013 9:14 AM
To: Kreye, Joseph
Cc: Gibbons, Vicki L - DOR; Hardt, Diane L - DOR; Reinhardt, Rob
Subject: Federal Depreciation, Depletion, AND Amortization
Attachments: 13b0019/P4.pdf

Hi Joe,

I checked with my staff and have determined that there is one provision in IRC 197 (amortization of intangible assets) that Wisconsin has not previously adopted as a result of Public Law 108-357. The provision we did not follow related to Sports Franchises. If the intention in the budget motion is:

1. to follow federal **depreciation, depletion, AND amortization** and
2. to continue to follow federal treatment (so there is no difference in the basis of assets)

then it is our suggestion to modify the attached draft as follows:

7. Page 724, line 19: after that line insert:

"SECTION 1453d. 71.98 (3) of the statutes is created to read:

71.98 (3) **DEPRECIATION, DEPLETION, AND AMORTIZATION.** For taxable years beginning after December 31, 2013, and for purposes of computing depreciation, depletion, and amortization, ~~section 167 of the Internal Revenue Code and related to depreciation. For purposes of this subsection, the Internal Revenue Code means the federal Internal Revenue Code in effect on January 1, 2014 for the year in which federal depreciation, depletion, or amortization is allowed.~~

SECTION 1453e. 71.98 (4) of the statutes is created to read:

71.98 (4) **EXPENSING OF DEPRECIABLE BUSINESS ASSETS.** For taxable years beginning after December 31, 2013, sections 179, 179A, 179B, 179C, 179D, and 179E of the Internal Revenue Code and related to expensing of depreciable business assets. For purposes of this subsection, the Internal Revenue Code means the federal Internal Revenue Code in effect for the year in which property is placed in service."

Reminder: The draft should also amend s. 71.26(3)(q) (exclusion for percentage depletion) to limit it to tax years prior to 2014.

Thanks for allowing us to review,

Nate Weber, CPA

Section Chief
Administrative Technical Services
Division of Income, Sales & Excise Tax
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Madison, WI 53708
Phone: 608-266-8025



State of Wisconsin
2013 - 2014 LEGISLATURE



LRBb0019/P4

JK:sac:jf

RMP

LFB:.....Shanovich (RR) – Omnibus tax proposal: Depreciation and depletion

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY BILL 40

in Monday 6-10

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 642, line 21: after that line insert:

3 **“SECTION 1297d.** 71.01 (7r) (a) of the statutes is amended to read:

4 71.01 (7r) (a) Notwithstanding sub. (6), ~~and except as provided in par. (b) for~~
5 taxable years beginning before January 1, 2014, for purposes of computing
6 amortization or depreciation, “Internal Revenue Code” means the federal Internal
7 Revenue Code as amended to December 31, 2000, except that property that, under
8 s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year 1986
9 under the Internal Revenue Code as amended to December 31, 1980, shall continue
10 to be depreciated under the Internal Revenue Code as amended to
11 December 31, 1980.

1 **SECTION 1297e.** 71.01 (7r) (b) of the statutes is repealed.

2 **SECTION 1297f.** 71.01 (7r) (c) of the statutes is amended to read:

3 71.01 (7r) (c) Notwithstanding sub. (6), section 101 of P.L. 109–222, related to
4 extending the increased expense deduction under section 179 of the Internal
5 Revenue Code, applies to property used in farming that is acquired and placed in
6 service in taxable years beginning ~~on or~~ after December 31, 2007, and before January
7 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
8 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
9 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
10 Revenue Code.”.

11 **2.** Page 645, line 21: after that line insert:

12 “**SECTION 1304d.** 71.05 (6) (b) 49. of the statutes is created to read:

13 71.05 (6) (b) 49. Starting with the first taxable year beginning after December
14 31, 2013, and for each of the next 4 taxable years, 20 percent of the amount
15 determined by subtracting the combined federal adjusted basis of all depreciated or
16 amortized assets as of the last day of the taxable year beginning in 2013 that are also
17 being depreciated or amortized for Wisconsin from the combined Wisconsin adjusted
18 basis of those assets on the same day.

19 **SECTION 1304f.** 71.05 (16) of the statutes is amended to read:

20 71.05 (16) DEPRECIATION CONTINUATION. Property For taxable years beginning
21 before January 1, 2014, property that, under s. 71.02 (2) (d) 12., 1985 stats., is
22 required to be depreciated for taxable year 1986 under the internal revenue code as
23 amended to December 31, 1980, shall continue to be depreciated under the internal
24 revenue code as amended to December 31, 1980.

1 **SECTION 1304g.** 71.05 (17) of the statutes is amended to read:

2 71.05 (17) DIFFERENCE IN BASIS. ~~With~~ For taxable years beginning before
3 January 1, 2014, with respect to depreciable property that, under s. 71.02 (2) (d) 12.,
4 1985 stats., is required to be depreciated for taxable year 1986 under the internal
5 revenue code as amended to December 31, 1980, and that was disposed of in taxable
6 year 1986 and thereafter, any difference between the adjusted basis for federal
7 income tax purposes and the adjusted basis under this chapter shall be taken into
8 account in determining net income or loss in the year or years that the gain or loss
9 is reportable under this chapter.

10 **SECTION 1304h.** 71.05 (18) of the statutes is amended to read:

11 71.05 (18) CARRY-OVER BASIS PRECLUDED. ~~With~~ For taxable years beginning
12 before January 1, 2014, with respect to property that, under s. 71.02 (2) (d) 12., 1985
13 stats., is required to be depreciated for taxable year 1986 under the internal revenue
14 code as amended to December 31, 1980, and that was acquired in a transaction
15 occurring in taxable year 1986 and thereafter in which the adjusted basis of the
16 property in the hands of the transferee is the same as the adjusted basis of the
17 property in the hands of the transferor, the Wisconsin adjusted basis of that property
18 on the date of transfer is the adjusted basis allowable under the depreciation
19 provisions of the internal revenue code as defined for Wisconsin purposes for the
20 property in the hands of the transferor.”.

21 **3.** Page 674, line 18: after that line insert:

22 **“SECTION 1372d.** 71.22 (5m) (b) of the statutes is amended to read:

23 71.22 (5m) (b) Notwithstanding subs. (4) and (4m), section 101 of P.L. 109–222,
24 related to extending the increased expense deduction under section 179 of the

1 Internal Revenue Code, applies to property used in farming that is acquired and
2 placed in service in taxable years beginning ~~on or~~ after December 31, 2007, and
3 before January 1, 2008 2010, and used by a person who is actively engaged in
4 farming. For purposes of this paragraph, “actively engaged in farming” has the
5 meaning given in 7 CFR 1400.201, and “farming” has the meaning given in section
6 464 (e) (1) of the Internal Revenue Code.”.

7 **4.** Page 693, line 8: after that line insert:

8 **SECTION 1383d.** 71.26 (3) (y) 1. of the statutes is renumbered 71.26 (3) (y) and
9 amended to read:

10 71.26 (3) (y) ~~Except as provided in subd. 2.~~ For taxable years beginning before
11 January 1, 2014, a corporation shall compute amortization and depreciation under
12 the federal Internal Revenue Code as amended to December 31, 2000, except that
13 property first placed in service by the taxpayer on or after January 1, 1983, but
14 before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required
15 to be depreciated under the Internal Revenue Code as amended to
16 December 31, 1980, and property first placed in service in taxable year 1981 or
17 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
18 required to be depreciated under the Internal Revenue Code as amended to
19 December 31, 1980, shall continue to be depreciated under the Internal Revenue
20 Code as amended to December 31, 1980.

21 **SECTION 1383e.** 71.26 (3) (y) 2. of the statutes is repealed.

22 **SECTION 1383f.** 71.26 (3) (ym) of the statutes is created to read:

23 71.26 (3) (ym) Starting with the first taxable year beginning after December
24 31, 2013, and for each of the next 4 taxable years, a corporation shall subtract 20

1 percent of the amount determined by subtracting the combined federal adjusted
2 basis of all depreciated or amortized assets as of the last day of the taxable year
3 beginning in 2013 that are also being depreciated or amortized for Wisconsin from
4 the combined Wisconsin adjusted basis of those assets on the same day.”.

5 **5.** Page 705, line 21: after that line insert:

6 **“SECTION 1408b.** 71.34 (1k) (intro.) of the statutes is amended to read:

7 71.34 (1k) (intro.) “Net income or loss” of a tax-option corporation means net
8 income or loss computed under the internal revenue code, as defined under sub. (1g)
9 and s. 71.98 (3) and (4), except that:

10 **SECTION 1408c.** 71.34 (1k) (n) of the statutes is created to read:

11 71.34 (1k) (n) Starting with the first taxable year beginning after December
12 31, 2013, and for each of the next 4 taxable years, a subtraction shall be made in an
13 amount equal to 20 percent of the amount determined by subtracting the combined
14 federal adjusted basis of all depreciated or amortized assets as of the last day of the
15 taxable year beginning in 2013 that are also being depreciated or amortized for
16 Wisconsin from the combined Wisconsin adjusted basis of those assets on the same
17 day.

18 **SECTION 1408d.** 71.34 (1m) (b) of the statutes is amended to read:

19 71.34 (1m) (b) Notwithstanding sub. (1g), section 101 of P.L. 109–222, related
20 to extending the increased expense deduction under section 179 of the Internal
21 Revenue Code, applies to property used in farming that is acquired and placed in
22 service in taxable years beginning ~~on or after~~ December 31, 2007, and before January
23 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
24 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR

1 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
2 Revenue Code.

3 **SECTION 1408f.** 71.365 (1m) (a) of the statutes is renumbered 71.365 (1m) and
4 amended to read:

5 71.365 (1m) ~~Except as provided in par. (b)~~ For taxable years beginning before
6 January 1, 2014, a tax-option corporation shall compute amortization and
7 depreciation under the federal Internal Revenue Code as amended to December 31,
8 2000, except that property first placed in service by the taxpayer on or after
9 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
10 1985 stats., is required to be depreciated under the Internal Revenue Code as
11 amended to December 31, 1980, and property first placed in service in taxable year
12 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
13 stats., is required to be depreciated under the Internal Revenue Code as amended
14 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
15 Code as amended to December 31, 1980. Any difference between the adjusted basis
16 for federal income tax purposes and the adjusted basis under this chapter shall be
17 taken into account in determining net income or loss in the year or years for which
18 the gain or loss is reportable under this chapter. If that property was placed in
19 service by the taxpayer during taxable year 1986 and thereafter but before the
20 property is used in the production of income subject to taxation under this chapter,
21 the property’s adjusted basis and the depreciation or other deduction schedule are
22 not required to be changed from the amount allowable on the owner’s federal income
23 tax returns for any year because the property is used in the production of income
24 subject to taxation under this chapter. If that property was acquired in a transaction
25 in taxable year 1986 or thereafter in which the adjusted basis of the property in the

1 hands of the transferee is the same as the adjusted basis of the property in the hands
2 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
3 is the adjusted basis allowable under the Internal Revenue Code as defined for
4 Wisconsin purposes for the property in the hands of the transferor.

5 **SECTION 1408g.** 71.365 (1m) (b) of the statutes is repealed.”.

6 **6.** Page 713, line 8: after that line insert:

7 “**SECTION 1419d.** 71.45 (2) (a) 7. of the statutes is amended to read:

8 71.45 (2) (a) 7. By For taxable years beginning before January 1, 2014, by
9 adding or subtracting, as appropriate, the amount required to reflect the fact that
10 property that, under s. 71.01 (4) (g) 7. to 10., 1985 stats., is required to be depreciated
11 for taxable years 1983 to 1986 under the internal revenue code as amended to
12 December 31, 1980, shall continue to be depreciated under the internal revenue code
13 as amended to December 31, 1980.

14 **SECTION 1419e.** 71.45 (2) (a) 13. of the statutes is amended to read:

15 71.45 (2) (a) 13. By For taxable years beginning before January 1, 2014, by
16 adding or subtracting, as appropriate, the depreciation deduction under the federal
17 Internal Revenue Code as amended to December 31, 2000, except that property first
18 placed in service by the taxpayer on or after January 1, 1983, but before
19 January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be
20 depreciated under the Internal Revenue Code as amended to December 31, 1980,
21 and property first placed in service in taxable year 1981 or thereafter but before
22 January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be
23 depreciated under the Internal Revenue Code as amended to December 31, 1980,

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DEPLETION AND AMORTIZATION
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1 shall continue to be depreciated under the Internal Revenue Code as amended to
2 December 31, 1980.

3 **SECTION 1419f.** 71.45 (2) (a) 19. of the statutes is created to read:

4 71.45 (2) (a) 19. Starting with the first taxable year beginning after December
5 31, 2013, and for each of the next 4 taxable years, by subtracting 20 percent of the
6 amount determined by subtracting the combined federal adjusted basis of all
7 depreciated or amortized assets as of the last day of the taxable year beginning in
8 2013 that are also being depreciated or amortized for Wisconsin from the combined
9 Wisconsin adjusted basis of those assets on the same day.”.

10 **7.** Page 724, line 19: after that line insert:

11 “**SECTION 1453d.** 71.98 (3) of the statutes is created to read:

12 71.98 (3) *DEPRECIATION* For taxable years beginning after December 31, 2013,
13 *section 167 of the Internal Revenue Code and related to depreciation.* For purposes
14 *of this subsection,* the Internal Revenue Code means the federal Internal Revenue
15 Code in effect on January 1, 2014.

16 **SECTION 1453e.** 71.98 (4) of the statutes is created to read:

17 71.98 (4) **EXPENSING OF DEPRECIABLE BUSINESS ASSETS.** For taxable years
18 beginning after December 31, 2013, sections 179, 179A, 179B, 179C, 179D, and 179E
19 of the Internal Revenue Code and related to expensing of depreciable business
20 assets. For purposes of this subsection, the Internal Revenue Code means the federal
21 Internal Revenue Code in effect for the year in which property is placed in service.”.

22 (END)

Computing depreciation, depletion, and amortization

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0019/P5ins
JK:sac:jf

insert 4 – 7

- 1 “**SECTION 1383b.** 71.26 (3) (q) of the statutes is amended to read:
- 2 71.26 (3) (q) Sections For taxable years beginning before January 1, 2014,
- 3 sections 613 and 613A (relating to percentage depletion) are excluded.

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28, 161, 165, 180, 183, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 7, 10, 32, 212, 232; 2011 a. 260 s. 80; s. 13.92 (2) (i); s. 35.17 correction in (2) (a) 10.



State of Wisconsin
2013 – 2014 LEGISLATURE



LRBb0019/P5
JK:sac:rs

LFB:.....Shanovich (RR) – Omnibus tax proposal: Depreciation and depletion

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION
ASSEMBLY AMENDMENT ,
TO ASSEMBLY BILL 40

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 642, line 21: after that line insert:

3 **“SECTION 1297d.** 71.01 (7r) (a) of the statutes is amended to read:

4 71.01 (7r) (a) Notwithstanding sub. (6), ~~and except as provided in par. (b) for~~
5 taxable years beginning before January 1, 2014, for purposes of computing
6 amortization or depreciation, “Internal Revenue Code” means the federal Internal
7 Revenue Code as amended to December 31, 2000, except that property that, under
8 s. 71.02 (2) (d) 12., 1985 stats., is required to be depreciated for taxable year 1986
9 under the Internal Revenue Code as amended to December 31, 1980, shall continue
10 to be depreciated under the Internal Revenue Code as amended to
11 December 31, 1980.

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2 **SECTION 1297f.** 71.01 (7r) (c) of the statutes is amended to read:

3 71.01 (7r) (c) Notwithstanding sub. (6), section 101 of P.L. 109–222, related to
4 extending the increased expense deduction under section 179 of the Internal
5 Revenue Code, applies to property used in farming that is acquired and placed in
6 service in taxable years beginning ~~on or after~~ December 31, 2007, and before January
7 1, 2008 2010, and used by a person who is actively engaged in farming. For purposes
8 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
9 1400.201, and “farming” has the meaning given in section 464 (e) (1) of the Internal
10 Revenue Code.”.

11 **2.** Page 645, line 21: after that line insert:

12 **“SECTION 1304d.** 71.05 (6) (b) 49. of the statutes is created to read:

13 71.05 (6) (b) 49. Starting with the first taxable year beginning after December
14 31, 2013, and for each of the next 4 taxable years, 20 percent of the amount
15 determined by subtracting the combined federal adjusted basis of all depreciated or
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18 basis of those assets on the same day.

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23 amended to December 31, 1980, shall continue to be depreciated under the internal
24 revenue code as amended to December 31, 1980.

1 **SECTION 1304g.** 71.05 (17) of the statutes is amended to read:

2 71.05 (17) DIFFERENCE IN BASIS. ~~With~~ For taxable years beginning before
3 January 1, 2014, with respect to depreciable property that, under s. 71.02 (2) (d) 12.,
4 1985 stats., is required to be depreciated for taxable year 1986 under the internal
5 revenue code as amended to December 31, 1980, and that was disposed of in taxable
6 year 1986 and thereafter, any difference between the adjusted basis for federal
7 income tax purposes and the adjusted basis under this chapter shall be taken into
8 account in determining net income or loss in the year or years that the gain or loss
9 is reportable under this chapter.

10 **SECTION 1304h.** 71.05 (18) of the statutes is amended to read:

11 71.05 (18) CARRY-OVER BASIS PRECLUDED. ~~With~~ For taxable years beginning
12 before January 1, 2014, with respect to property that, under s. 71.02 (2) (d) 12., 1985
13 stats., is required to be depreciated for taxable year 1986 under the internal revenue
14 code as amended to December 31, 1980, and that was acquired in a transaction
15 occurring in taxable year 1986 and thereafter in which the adjusted basis of the
16 property in the hands of the transferee is the same as the adjusted basis of the
17 property in the hands of the transferor, the Wisconsin adjusted basis of that property
18 on the date of transfer is the adjusted basis allowable under the depreciation
19 provisions of the internal revenue code as defined for Wisconsin purposes for the
20 property in the hands of the transferor.”.

21 **3.** Page 674, line 18: after that line insert:

22 **“SECTION 1372d.** 71.22 (5m) (b) of the statutes is amended to read:

23 71.22 (5m) (b) Notwithstanding subs. (4) and (4m), section 101 of P.L. 109–222,
24 related to extending the increased expense deduction under section 179 of the

1 Internal Revenue Code, applies to property used in farming that is acquired and
2 placed in service in taxable years beginning ~~on or~~ after December 31, 2007, and
3 before January 1, 2008 2010, and used by a person who is actively engaged in
4 farming. For purposes of this paragraph, “actively engaged in farming” has the
5 meaning given in 7 CFR 1400.201, and “farming” has the meaning given in section
6 464 (e) (1) of the Internal Revenue Code.”.

7 **4.** Page 693, line 8: after that line insert:

8 “**SECTION 1383b.** 71.26 (3) (q) of the statutes is amended to read:

9 71.26 (3) (q) ~~Sections~~ For taxable years beginning before January 1, 2014,
10 sections 613 and 613A (relating to percentage depletion) are excluded.

11 **SECTION 1383d.** 71.26 (3) (y) 1. of the statutes is renumbered 71.26 (3) (y) and
12 amended to read:

13 71.26 (3) (y) ~~Except as provided in subd. 2.~~ For taxable years beginning before
14 January 1, 2014, a corporation shall compute amortization and depreciation under
15 the federal Internal Revenue Code as amended to December 31, 2000, except that
16 property first placed in service by the taxpayer on or after January 1, 1983, but
17 before January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required
18 to be depreciated under the Internal Revenue Code as amended to
19 December 31, 1980, and property first placed in service in taxable year 1981 or
20 thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is
21 required to be depreciated under the Internal Revenue Code as amended to
22 December 31, 1980, shall continue to be depreciated under the Internal Revenue
23 Code as amended to December 31, 1980.

24 **SECTION 1383e.** 71.26 (3) (y) 2. of the statutes is repealed.

1 **SECTION 1383f.** 71.26 (3) (ym) of the statutes is created to read:

2 71.26 (3) (ym) Starting with the first taxable year beginning after December
3 31, 2013, and for each of the next 4 taxable years, a corporation shall subtract 20
4 percent of the amount determined by subtracting the combined federal adjusted
5 basis of all depreciated or amortized assets as of the last day of the taxable year
6 beginning in 2013 that are also being depreciated or amortized for Wisconsin from
7 the combined Wisconsin adjusted basis of those assets on the same day.”.

8 **5.** Page 705, line 21: after that line insert:

9 **“SECTION 1408b.** 71.34 (1k) (intro.) of the statutes is amended to read:

10 71.34 (1k) (intro.) “Net income or loss” of a tax-option corporation means net
11 income or loss computed under the internal revenue code, as defined under sub. (1g)
12 and s. 71.98 (3) and (4), except that:

13 **SECTION 1408c.** 71.34 (1k) (n) of the statutes is created to read:

14 71.34 (1k) (n) Starting with the first taxable year beginning after December
15 31, 2013, and for each of the next 4 taxable years, a subtraction shall be made in an
16 amount equal to 20 percent of the amount determined by subtracting the combined
17 federal adjusted basis of all depreciated or amortized assets as of the last day of the
18 taxable year beginning in 2013 that are also being depreciated or amortized for
19 Wisconsin from the combined Wisconsin adjusted basis of those assets on the same
20 day.

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23 to extending the increased expense deduction under section 179 of the Internal
24 Revenue Code, applies to property used in farming that is acquired and placed in

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2 1, ~~2008~~ 2010, and used by a person who is actively engaged in farming. For purposes
3 of this paragraph, “actively engaged in farming” has the meaning given in 7 CFR
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5 Revenue Code.

6 **SECTION 1408f.** 71.365 (1m) (a) of the statutes is renumbered 71.365 (1m) and
7 amended to read:

8 71.365 (1m) ~~Except as provided in par. (b)~~ For taxable years beginning before
9 January 1, 2014, a tax-option corporation shall compute amortization and
10 depreciation under the federal Internal Revenue Code as amended to December 31,
11 2000, except that property first placed in service by the taxpayer on or after
12 January 1, 1983, but before January 1, 1987, that, under s. 71.04 (15) (b) and (br),
13 1985 stats., is required to be depreciated under the Internal Revenue Code as
14 amended to December 31, 1980, and property first placed in service in taxable year
15 1981 or thereafter but before January 1, 1987, that, under s. 71.04 (15) (bm), 1985
16 stats., is required to be depreciated under the Internal Revenue Code as amended
17 to December 31, 1980, shall continue to be depreciated under the Internal Revenue
18 Code as amended to December 31, 1980. Any difference between the adjusted basis
19 for federal income tax purposes and the adjusted basis under this chapter shall be
20 taken into account in determining net income or loss in the year or years for which
21 the gain or loss is reportable under this chapter. If that property was placed in
22 service by the taxpayer during taxable year 1986 and thereafter but before the
23 property is used in the production of income subject to taxation under this chapter,
24 the property’s adjusted basis and the depreciation or other deduction schedule are
25 not required to be changed from the amount allowable on the owner’s federal income

1 tax returns for any year because the property is used in the production of income
2 subject to taxation under this chapter. If that property was acquired in a transaction
3 in taxable year 1986 or thereafter in which the adjusted basis of the property in the
4 hands of the transferee is the same as the adjusted basis of the property in the hands
5 of the transferor, the Wisconsin adjusted basis of that property on the date of transfer
6 is the adjusted basis allowable under the Internal Revenue Code as defined for
7 Wisconsin purposes for the property in the hands of the transferor.

8 **SECTION 1408g.** 71.365 (1m) (b) of the statutes is repealed.”.

9 **6.** Page 713, line 8: after that line insert:

10 **“SECTION 1419d.** 71.45 (2) (a) 7. of the statutes is amended to read:

11 71.45 (2) (a) 7. By For taxable years beginning before January 1, 2014, by
12 adding or subtracting, as appropriate, the amount required to reflect the fact that
13 property that, under s. 71.01 (4) (g) 7. to 10., 1985 stats., is required to be depreciated
14 for taxable years 1983 to 1986 under the internal revenue code as amended to
15 December 31, 1980, shall continue to be depreciated under the internal revenue code
16 as amended to December 31, 1980.

17 **SECTION 1419e.** 71.45 (2) (a) 13. of the statutes is amended to read:

18 71.45 (2) (a) 13. By For taxable years beginning before January 1, 2014, by
19 adding or subtracting, as appropriate, the depreciation deduction under the federal
20 Internal Revenue Code as amended to December 31, 2000, except that property first
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22 January 1, 1987, that, under s. 71.04 (15) (b) and (br), 1985 stats., is required to be
23 depreciated under the Internal Revenue Code as amended to December 31, 1980,
24 and property first placed in service in taxable year 1981 or thereafter but before

1 January 1, 1987, that, under s. 71.04 (15) (bm), 1985 stats., is required to be
2 depreciated under the Internal Revenue Code as amended to December 31, 1980,
3 shall continue to be depreciated under the Internal Revenue Code as amended to
4 December 31, 1980.

5 **SECTION 1419f.** 71.45 (2) (a) 19. of the statutes is created to read:

6 71.45 (2) (a) 19. Starting with the first taxable year beginning after December
7 31, 2013, and for each of the next 4 taxable years, by subtracting 20 percent of the
8 amount determined by subtracting the combined federal adjusted basis of all
9 depreciated or amortized assets as of the last day of the taxable year beginning in
10 2013 that are also being depreciated or amortized for Wisconsin from the combined
11 Wisconsin adjusted basis of those assets on the same day.”.

12 **7.** Page 724, line 19: after that line insert:

13 **“SECTION 1453d.** 71.98 (3) of the statutes is created to read:

14 71.98 (3) DEPRECIATION, DEPLETION, AND AMORTIZATION. For taxable years
15 beginning after December 31, 2013, and for purposes of computing depreciation,
16 depletion, and amortization, the Internal Revenue Code means the federal Internal
17 Revenue Code in effect on January 1, 2014.

18 **SECTION 1453e.** 71.98 (4) of the statutes is created to read:

19 71.98 (4) EXPENSING OF DEPRECIABLE BUSINESS ASSETS. For taxable years
20 beginning after December 31, 2013, sections 179, 179A, 179B, 179C, 179D, and 179E
21 of the Internal Revenue Code and related to expensing of depreciable business
22 assets. For purposes of this subsection, the Internal Revenue Code means the federal
23 Internal Revenue Code in effect for the year in which property is placed in service.”.

24 (END)